

PUBLIC DISCLOSURE

August 31, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank: Iron & Glass Bank
43904400000
1114 East Carson Street
Pittsburgh, PA 15203

Supervisory Agency: Federal Reserve Bank of Cleveland
P.O. Box 6387
Cleveland, Ohio 44101-1387

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of Iron & Glass Bank, Pittsburgh, Pennsylvania, prepared by the Federal Reserve Bank of Cleveland, the institution's supervisory agency, as of August 31, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 228.

INSTITUTION'S CRA RATING: This institution is rated "**Satisfactory**".

Iron & Glass Bank ("IGB") has a satisfactory record of helping to meet the credit needs of its entire community, consistent with the bank's resources and capabilities. The bank's loan-to-deposit ratio is reasonable, a majority of IGB's loans are within its assessment area, loans are reasonably dispersed throughout the assessment area, and loans reflect an excellent penetration among individuals of different income levels, including low- and moderate-income individuals and small businesses.

DESCRIPTION OF INSTITUTION

Iron & Glass Bank's main office is located at 1114 E. Carson Street, Pittsburgh, Pennsylvania. The bank also operates an additional five full-service branches - West Mifflin, Castle Shannon, Southpark, Brentwood and Chartiers Valley. Additionally, IGB's six ATMs have 24-hour access. Based on its size and financial condition, the bank is able to effectively meet the credit needs of the communities in its assessment area. The types of credit offered, as noted in the bank's public file, include consumer loans, real estate loans, and loans and leases to finance small businesses.

The bank reported total assets of \$202.7 million in its June 30, 1998, Report of Condition and Income ("Call Report"). Table 1 reflects the distribution of the bank's loan portfolio as of that date.

Table 1

LOAN PORTFOLIO DISTRIBUTION AS OF JUNE 30, 1998		
Type of Loan	Amount (In Thousands)	Percentage of Total Loans
Commercial loans	31,018	29.60%
Loans secured by real estate:		
Secured by nonfarm, nonresidential properties	34,216	32.65%
Revolving, open end loans secured by 1- to 4-family residential properties	1,290	1.23%
Loans secured by 1- to 4-family residential properties	25,995	24.81%
Secured by farmland	0	0.00%
Construction and land development	1,902	1.81%
Secured by multifamily (5 or more) residential properties	0	0.00%
Agricultural loans	0	0.00%
Consumer loans	5,325	5.08%
Other	5,048	4.82%
Total	104,794	100.00%

The bank's performance under CRA was rated "Satisfactory" at the previous examination of September 22, 1997.

DESCRIPTION OF IGB'S ASSESSMENT AREA

The bank's assessment area is generally defined as portions of southern Allegheny and northern Washington counties. The assessment area includes a portion of the City of Pittsburgh and the surrounding communities. More specifically, the bank has determined its assessment area to include the following census tracts:

Allegheny County

1603.00	1918.00	2811.97	3207.98	4657.98	4735.00	4773.00	4845.00	4920.00
1604.00	1919.00	2811.98	4560.01	4660.00	4736.01	4781.96	4845.00	4923.00
1606.00	1920.97	2812.00	4560.02	4670.00	4736.02	4781.97	4846.00	4928.00
1607.00	1920.98	2814.00	4571.00	4687.00	4741.01	4781.98	4850.00	4929.00
1608.00	1921.00	2815.00	4572.00	4688.00	4741.02	4782.00	4867.00	4930.00
1609.00	1922.00	2816.00	4580.00	4689.00	4742.01	4790.00	4868.00	
1702.00	2004.00	2901.00	4591.01	4690.98	4742.02	4801.01	4869.00	
1704.00	2016.00	2902.98	4591.02	4703.00	4742.03	4801.02	4870.00	
1706.00	2017.00	2904.98	4592.02	4704.00	4751.01	4802.00	4881.00	
1803.00	2018.00	3001.00	4592.97	4705.00	4751.02	4803.95	4882.00	
1805.00	2019.00	3101.97	4592.98	4706.00	4752.00	4803.96	4883.00	
1806.00	2020.00	3101.98	4600.01	4710.00	4753.01	4803.97	4884.00	
1807.00	2021.00	3102.94	4600.02	4721.97	4753.03	4803.98	4885.00	
1808.00	2022.00	3102.95	4621.00	4722.00	4753.04	4804.96	4886.00	
1809.00	2023.00	3102.96	4626.00	4723.00	4754.01	4804.97	4890.01	
1903.00	2024.00	3102.97	4639.00	4724.00	4754.02	4804.98	4890.02	
1911.00	2805.00	3102.98	4643.97	4731.00	4761.00	4810.00	4900.01	
1914.00	2807.00	3103.00	4643.98	4732.00	4762.00	4823.00	4900.02	
1915.00	2808.00	3204.00	4644.00	4733.00	4771.00	4824.00	4911.01	
1916.00	2811.95	3206.00	4655.00	4734.01	4772.97	4838.00	4911.02	
1917.00	2811.96	3207.97	4656.00	4734.02	4772.98	4843.00	4912.00	

Washington County

7413	7461	7463	7712
7452	7462	7711	

See Appendix A for a map of IGB's assessment areas.

The following table shows the distribution of those census tracts among the four income categories:

Table 2

INCOME CLASSIFICATION OF CENSUS TRACTS/BNAs IN ASSESSMENT AREA					
	Census Tract Income Classifications ⁶				
	Low ¹	Moderate ²	Middle ³	Upper ⁴	Total
Number of Tracts	2	5	22	11	40
Percentage of Total Tracts*	5%	13%	55%	28%	101%
Population ⁵	3,320	14,567	92,554	48,141	158,582
Percentage of Total Population*	2%	9%	58%	30%	99%
Number of Households ⁵	1,323	5,767	37,809	18,395	63,294
Percentage of Total Households*	2%	9%	60%	29%	100%
Owner-Occupied Households ⁵	835	4,041	26,585	14,971	46,432
Percentage of Total OOH*	2%	9%	57%	32%	100%
Number of Families ⁵	990	4,054	25,998	14,012	45,054
Percentage of Total Families*	2%	9%	58%	31%	100%

1 Less than 50 percent of the metropolitan statistical area ("MSA") median family income.

2 At least 50 percent and less than 80 percent of the MSA median family income.

3 At least 80 percent and less than 120 percent of the MSA median family income.

4 120 percent or more of the MSA median family income.

5 Based on 1990 Census Data information.

6 Based on HUD's estimated median family income for the MSA of 8400 which was \$38,800 in 1997.

* May not total 100 percent due to rounding.

Based on the information from the 1990 census, there are 158,582 persons and 63,294 households within Iron & Glass Bank's assessment area. The median household income in the assessment area is \$29,756, and the median family income is \$36,370. The median family income in Pennsylvania is \$34,856. Household income includes the income of all persons residing within a household, while family income includes only the income of persons related by blood, marriage, or adoption within a household.

Allegheny and Washington Counties, have a very large concentration in the service fields (39% and 29%, respectively) according to the most recent data (1995). Lately, the economy in the bank's assessment area has been stable and continuing to improve. Most of the area's joblessness has been in pace with, or slightly lower than the state and nation's average. The May 1998 unemployment rates for Allegheny and Washington Counties were 4.0%, and 5.2%, respectively, compared with that of the state unadjusted average of 4.5% and the national unadjusted average of 4.0% for the same time period.

Two community contacts were conducted in conjunction with the examination. These contacts provided information used in developing the performance context for the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The bank's CRA performance was analyzed using interagency examination procedures. The analysis includes the following criteria:

- loan-to-deposit ratio;
- lending activity inside and outside the bank's assessment area;
- distribution of loans to borrowers of different income levels;
- distribution of loans to businesses and farms of different sizes;
- reasonableness of the geographic distribution of loans within the bank's assessment area;
- bank's response to written complaints regarding its performance in helping to meet the credit needs of the assessment area.

Loan-To-Deposit Ratio

Iron & Glass Bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition, assessment area credit needs, and competition. The bank's average loan-to-deposit ratio for the four quarters between examinations, based on June 30, 1998 Call Report information, is 62.80%. As listed in the June 30, 1998, Uniform Bank Performance Report, the bank's loan-to-deposit ratio was 61.59% which is less than the national peer average of 70.64% for banks of similar size for the same time period.

Lending Volume Within Assessment Area

Based on a sample of loans reviewed during the examination, it appears that a majority of loans are in the bank's assessment area. Four loan types which were determined to be the bank's major loan types were sampled, including residential-all (home purchase, home refinance and home equity), motor vehicle, other consumer unsecured and small business.

Of the total number and total dollar volume of loans sampled, 83% and 67%, respectively, were originated within the bank's assessment area. As shown in the following table, the concentration of the number and dollar volume of loans within the assessment area meets and sometimes exceeds standards.

Table 3

DISTRIBUTION OF LOANS IN AND OUT OF THE ASSESSMENT AREA								
Loan Type	<i>Inside the Assessment Area</i>				<i>Outside the Assessment Area</i>			
	Number Of Loans	%	\$ Amount of Loans (in \$000)	%	Number Of Loans (in \$000)	%	\$ Amount of Loans (in \$000)	%
Consumer-Other	34	76%	\$ 371	78%	11	24%	\$ 103	22%
Motor Vehicle	51	84%	\$ 246	78%	10	16%	\$ 70	22%
Residential-All	39	89%	\$1,338	81%	5	11%	\$ 324	19%
Small Business	85	84%	\$4,247	62%	16	16%	\$ 2,568	38%
Total	209	83%	\$6,202	67%	42	17%	\$3,065	33%

Lending to Borrowers of Different Incomes

The distribution of borrowers, given the demographics of the assessment area, reflects an excellent penetration among borrowers of different income levels, particularly low- and moderate-income borrowers.

Overall, the distribution of total loans sampled to low- and moderate-income level borrowers is significant. For instance, 66% of all consumer-other loans were made to borrowers of low- to moderate-income levels, while 42% of all motor vehicle loans were made to low- to moderate-income borrowers. Such percentages are particularly noteworthy considering that only 32.3% of the families in the assessment area are low- to moderate-income, of which 7.7% are families whose incomes fall below the poverty level. The following table shows the breakdown of loan types to borrowers within the different income levels by loan product for the assessment area.

Table 4

DISTRIBUTION OF CONSUMER LOANS SAMPLED IN THE ASSESSMENT AREA BY INCOME LEVEL OF BORROWER													
Income Level	<u>Consumer-Other</u>				<u>Motor Vehicle</u>				<u>Residential-All</u>				% of Families⁵
	No.	%	\$ Amount (in \$000)	%	No.	%	\$ Amount (in \$000)	%	No.	%	\$ Amount (in \$000)	%	%
Low ¹	19	38	89	37	6	18	27	7	1	3	12	1	16.0
Moderate ²	14	28	74	30	8	24	85	23	7	19	151	12	16.3
Middle ³	12	24	55	23	8	24	75	20	13	36	279	21	22.3
Upper ⁴	5	10	25	10	12	35	185	50	15	42	872	66	45.4

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- 1 Less than 50 percent of the metropolitan statistical area ("MSA") median family income
 - 2 At least 50 percent and less than 80 percent of the MSA median family income
 - 3 At least 80 percent and less than 120 percent of the MSA median family income
 - 4 120 percent or more of the MSA median family income
 - 5 Represents the percentage of families in the assessment area categorized by income level.

Additionally, the distribution of small business within the assessment area by borrower revenue is also significant. As shown in the following tables, 74% of the number of small business loans and 80% of the dollar amount originated were made to businesses with revenues less than \$1,000,000.

Table 5

DISTRIBUTION OF COMMERCIAL LOANS SAMPLED WITHIN THE ASSESSMENT AREA								
Small Business Originations (in \$000)	<=\$100,000		>\$100,000 to <=\$250,000		>\$250,000 to <=\$1,000,000		Total Originations	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%
# Small Business Loans	78		5		2		85	
Loans to Businesses with Revenues ¹ <= \$1 Million	57	73.1%	4	80.0%	2	100%	63	74.1%
\$ Small Business Loans	2,155		806		1,286		4,247	
Loans to Businesses with Revenues ¹ <= \$1 Million	1,419	65.8%	693	86.0%	1,286	100%	3,398	80.0%

¹ Based on gross annual revenue figures

Geographic Distribution Within Assessment Area

The bank's overall geographic distribution of loans reflects a reasonable dispersion throughout the bank's assessment area given the bank's location, size, and level of competition. As depicted in the following table, a majority of the loans made were concentrated in middle-income census tract areas.

The analysis of data in the following table shows that, while 18% of the assessment area is comprised of two low-income and five moderate-income level census tracts, 22% of the number of consumer-other, 9% of motor vehicle, 8% of residential-all, and 8% small business loans were made within these tracts.

Table 6

DISTRIBUTION OF LOANS ACROSS THE ASSESSMENT AREA BY INCOME LEVEL OF CENSUS TRACTS COMPARED TO CHARACTERISTICS OF THOSE TRACTS								
	Low-Income ¹		Moderate-Income ²		Middle-Income ³		Upper-Income ⁴	
	No.	\$ (\$000s)	No.	\$ (\$000s)	No.	\$ (\$000s)	No.	\$ (\$000s)
Consumer-Other	0	0	11	51	27	122	13	73
<i>Percent of Total</i>	0%	0%	22%	21%	53%	50%	26%	30%
Motor Vehicle	1	13	2	31	18	195	13	132
<i>Percent of Total</i>	3%	4%	6%	8%	53%	53%	38%	36%
Residential-All	1	6	2	26	22	479	14	827
<i>Percent of Total</i>	3%	<1%	5%	2%	56%	36%	36%	62%
Small Business	3	162	3	110	47	1,429	32	2,546
<i>Percent of Total</i>	4%	4%	4%	3%	55%	34%	38%	60%
Number of Tracts in Assessment Area <i>Percentage of Tracts</i>	2 5%		5 13%		22 55%		40 28%	
Number of Families by Tract <i>Percentage of Families</i>	990 2%		4,054 9%		25,998 58%		14,012 31%	
Owner- Occupied Households by Tract <i>Percentage of Households</i>	835 2%		4,041 9%		26,585 57%		14,971 32%	

¹ Census tract having less than 50 percent of the MSA median family income.

² Census tracts having at least 50 percent and less than 80 percent of the MSA median family income.

³ Census tracts having at least 80 percent and less than 120 percent of the MSA median family income.

⁴ Census tracts having 120 percent or more of the MSA median family income.

ADDITIONAL FACTORS

No complaints were received by the Federal Reserve Bank of Cleveland or Iron & Glass Bank regarding the bank's performance under the Community Reinvestment Act.

No substantive violations of the fair lending laws were noted during the examination. Interviews with employees and management revealed an understanding of the regulatory requirements regarding fair lending.